

## ADMINISTRATION AND FINANCE COMMITTEE

DATE: March 23, 2010

CALLED TO ORDER: 5:30 p.m.

ADJOURNED: 6:46 p.m.

### ATTENDANCE

#### ATTENDING MEMBERS

Marilyn Pfisterer  
Bob Cockrum  
Susie Day  
Maggie Lewis  
Barbara Malone  
Jackie Nytes  
Joanne Sanders

#### ABSENT MEMBERS

### AGENDA

PROPOSAL NO. 62, 2010 - authorizes the execution of guaranteed energy savings contracts with three qualified providers for the implementation of recommended conservation measures  
"Do Pass" Vote: 7-0

PROPOSAL NO. 82, 2010 - amends Sec. 135-741 of the Code concerning the Capital Asset Development Fund  
"Do Pass as Amended" Vote: 6-1

PROPOSAL NO. 83, 2010 - appropriates \$27,562,000 in the 2010 Budgets of the Indianapolis Metropolitan Police Department, Indianapolis Fire Department and Department of Public Works (Capital Asset Development Capital Projects Fund) for long-term vehicle purchases  
"Do Pass" Vote: 5-2

PROPOSAL NO. 84, 2010 - determines the need to lease approximately 15,000 square feet of office space at 8115 E. Washington Street for use as a Marion Superior traffic court and Clerk's office  
"Postpone" until 4-6-10 Vote: 4-0

## ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, March 23, 2010. Chairwoman Marilyn Pfisterer called the meeting to order at 5:30 p.m. with the following members present: Bob Cockrum, Susie Day, Maggie Lewis, Barbara Malone, Jackie Nytes, and Joanne Sanders. Robert Elrod, General Counsel, was also present.

PROPOSAL NO. 62, 2010 - authorizes the execution of guaranteed energy savings contracts with three qualified providers for the implementation of recommended conservation measures

Karen Haley, Director of the Office of Sustainability, said that the committee should have received the audit reports along with an email with the master agreements attached.

Councillor Nytes asked if the research information for this project can be forwarded to all the other agencies so they may have the opportunity to benefit from this information. Ms. Haley answered in the affirmative.

Chairwoman Pfisterer said that she has had conversation with some of the employees of the Indianapolis Fire Department (IFD) and they are in support of this ordinance.

Councillor Malone moved, seconded by Councillor Nytes, to send Proposal No. 62, 2010 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 82, 2010 - amends Sec. 135-741 of the Code concerning the Capital Asset Development Fund

Jason Dudich, Deputy Controller, said that in 2009 the Capital Asset Development Fund was created to accept funding to focus on capital asset development. He said that they realized that this type of fund should be one that is non-lapsing, and able to extend the appropriations beyond several years. He said that the language for this fund was changed to that of a Capital Project Fund. This change occurred in section (a), and it is noted that this fund is no longer a sub-fund of the Consolidated County Fund but a stand-alone Capital Project Fund. In section (b), it says that balances shall not lapse into any fund, but stay within the Capital Project Fund. In sub-section (e) it strikes property taxes as one of the revenue sources in the fund, and in section (f), language was added that noted that an appropriation made by the Council is non-lapsing until the City Controller verifies with the Council that an encumbered balance has been released. He said that all these changes are a result of changing from an Operating Fund to a True Capital Project Fund that would allow for an appropriation of a larger sum of money on the front end and gain some efficiencies by having a purchase over several years, versus coming to the Council every year and asking for the second and third phase of a project. Mr. Dudich said that the potential savings will occur through the

bidding process, the quotes on projects, and having bids coming in lower due to obligating dollars over several years versus year after year.

Councillor Nytes asked what the difference is between this fund and the County Cumulative Fund. Mr. Dudich said that the County Cumulative Fund is used for small types of capital purchases that are annually appropriated by the Council. He said that this money is generated through property taxes associated with a levy. The Capital Project Fund would not generate any type of normal annual revenue. He added that appropriations would only be requested from this fund as major capital projects come up. Councillor Nytes asked if the Controller's Office is planning to prepare a multi-year budget, and hold a public hearing on the Capital Project Fund. Mr. Dudich answered in the affirmative. He said that it would not be a behind-the-scenes process, but it would be very transparent in terms of what the funds would be used for. Councillor Nytes said that this ordinance should include property tax as a possible source of funding. She said that the city needs to have this source of revenue available as an option.

Chairwoman Pfisterer asked what percent of property tax is currently in the Capital Project Fund. Mr. Dudich said that there is zero percent of property tax in the fund. Mr. Dudich said that the current fund balance in the fund is roughly \$27.6 million, and this balance was created from the retirement of the Industrial Revenue Bond related to the incinerator of the Mass Burn Facility on South Harding Street. He said that when those bonds retired, there was a debt service reserve fund that was provided back to the city. Chairwoman Pfisterer asked what will generate the fees and revenues that would be placed into this fund. Mr. Dudich said that they have an agreement with the current operators of the Mass Burn facility, called Covanta, to provide what is called steam revenue, where they generate heat to produce steam. They will sell the steam and give the city a portion of what they sell. Mr. Dudich said that the Council may want to start allocating money to that fund; it will be there for that purpose. He said that this fund should receive \$1.5 million for the first two years from Covanta, and then after the first two years, the amount received will be based on the amount of steam generated.

Mr. Elrod said that there is a concern that the city cannot create an open-ended fund like the Capital Project Fund where it has property taxes that support the fund. He said that the Department of Local Government Finance (DLGF) would change their attitude regarding what they will permit. The theory has always been that all property taxes had to revert at the end of the year to make annual appropriations, unless a special statute was in place. He said that the city has no authority to pocket property taxes. He added that if they make this fund a non-reverting fund, this may violate the DLGF regulations about how property tax levies are calculated. Councillor Nytes said that other units of government have Capital Project Funds that involve property taxes. She said that the city is struggling for flexibility, and having property taxes available would benefit the city.

Councillor Malone asked if the property tax option could be the last source of revenue for this fund. Mr. Elrod said that the problem is if property taxes are included in this fund, there may be a violation with the DLGF regulations.

Councillor Cockrum said that if the Council's legal advisor says that it may be a violation to include property taxes, he will not support the amendment.

Councillor Nytes moved, seconded by Councillor Sanders, to "Amend" Proposal No. 82, 2010, by un-striking "Property Taxes" in section e (2) and replacing Income taxes with "County Option Income Taxes" in section e (3). The motion carried by a vote of 6-1, with Councillor Cockrum casting the negative vote.

Don Harris, citizen, said that he is against including property taxes in this ordinance.

Councillor Day moved, seconded by Councillor Sanders, to send Proposal No. 82, 2010 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 6-1, with Councillor Cockrum casting the negative vote.

PROPOSAL NO. 83, 2010 - appropriates \$27,562,000 in the 2010 Budgets of the Indianapolis Metropolitan Police Department, Indianapolis Fire Department and Department of Public Works (Capital Asset Development Capital Projects Fund) for long-term vehicle purchases

Mr. Dudich said that this process was stated in the budget development process during budget hearings when vehicle questions came up about creating a long-term sustainable vehicle plan. He said that this is the first step in terms of getting a plan, identifying the funding, and working with the agencies that have high vehicles use to get the vehicle replaced.

Mr. Dudich gave a presentation on the Vehicle Improvement Plan (VIP), which is attached as Exhibit A. Some key points are:

- The goal of the VIP is to create a long-term vehicle replacement plan for high vehicle-use agencies, and to replace the old fleet to create savings within each agency, which will help with the fund balance.
- The City will purchase and lease vehicles for the Indianapolis Metropolitan Police Department (IMPD), the Department of Public Works (DPW), and IFD. The City will look at vehicle leases and purchases over a long-term period, one to ten years.
- The funding of the VIP is the Capital Asset Development Capital Project Fund (CADCPF), which will spend \$27.6 million over three years for approximately 304 IMPD vehicles (\$7.9M), 150 DPW vehicles (\$15.0M), and 6 IFD apparatus (\$4.7M)
- The agency Capital Funds already annually appropriated to the agencies is \$10.4 million over three years.
- The funding of the VIP lease program will allow \$7.0 million to be used to purchase vehicles in 2010. The city will determine the need to lease on an annual basis.

- Over the next three years, the agencies' estimated savings in parts, labor, and maintenance will total \$4,340,000.
- Hybrid purchases could create additional saving for IMPD.
- Potential savings could be generated by bidding for vehicles over a multi-year period, versus a bid for each year.

Councillor Nytes asked if over the next three years the city would spend \$45 million on vehicles. Mr. Dudich answered in the affirmative.

Councillor Sanders asked if when choosing these vehicles, a good effort will be made to look at both American and Foreign vehicles. Mr. Dudich said this will be considered.

Chairwoman Pfisterer asked if there is any thought process in using a co-op purchasing program with other agencies in other counties. Mr. Dudich said that the Procurement Department is looking at all options of potential savings in the bidding process.

Councillor Malone asked if any of these purchases include some of the county agencies. Mr. Dudich answered in the negative.

Councillor Nytes asked what the balance is in the Consolidated Fund after this transfer is complete. Mr. Dudich said that the current fund balance in this fund is \$27.6 million, and with this appropriation, the fund will be left with \$59,700. He said that the \$27,562,000 will come from a sub-fund of the Consolidated County, which consists of many other sub-funds that create a larger balance.

Councillor Malone asked if there are any appropriations for vehicle maintenance. Mr. Dudich said that each of the agencies' budgets have funds available to maintain all the current vehicles.

Mr. Harris said that he believes that IFD should receive what they need to fight fires.

Councillor Day asked how many of the vehicles for IMPD will be patrol vehicles. Mr. Dudich said that 90 percent of the vehicles are pursuit vehicles.

Councillor Day moved, seconded by Councillor Malone, to send Proposal No. 83, 2010 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-2, with Councillors Sanders and Lewis casting the negative votes.

Councillor Sanders said that she feels uncomfortable voting on this amount of money to purchase vehicles, while not having access to those funds for anything else.

Councillor Lewis said that she voted against this ordinance because she is struggling with the dollar amount to be used strictly on vehicles.

[Clerks note: Councillors Cockrum, Nytes and Sanders left at 6:22 pm.]

PROPOSAL NO. 84, 2010 - determines the need to lease approximately 15,000 square feet of office space at 8115 E. Washington Street for use as a Marion Superior traffic court and Clerk's office

Glenn Lawrence, Court Administrator for the Marion Superior Court, said this proposal is only for the traffic court and is not associated with the probation office. He said that this location is at 8115 East Washington Street. He said that Councillor Ben Hunter is the Councillor of this district and strongly supports the resolution. He said that they have had very good negotiations on the cost. Mr. Lawrence said that there is money set aside from 2008 to pay for the renovations of the site.

William Young, Marion County Traffic Court Judge, said that the sooner they can move out of the current facility, the better off they will be. They are moving to a facility where they can create a space to deal with the crowds of people that attend traffic court every day. He said that they would have security at the door as people enter the facility. Currently, they have no security in the facility at all. Judge Young said that the new building will allow for seating in the main court room and have an overflow court room area. He said that they would be more than happy to have some type of community outreach program for the neighborhood.

Councillor Lewis said that when the West 38<sup>th</sup> Street and High School Road location was being considered, Councillor Janice McHenry was told that it was almost impossible to separate the traffic court and the probation office: but now at the East Washington location it is only the traffic court being considered. Mr. Lawrence said that it was not impossible; they were simply trying to put the two together for the efficiencies and savings that would come out of that project. Judge Young said that they were trying to partner together for the efficiencies, but the probation department needs to be located on the west side of town due to the people it would serve, and the traffic court did not need to move from the east side. He said that the police training facility wants to expand their training area and would like the traffic court out of that building as soon as possible.

Councillor Malone asked how much money the property owner is going to contribute for renovations. Mr. Lawrence said they are contributing \$600,000. Councillor Malone asked why the City is contributing more than what the property owners are contributing. Mr. Lawrence said that the city's contribution will buy the lease down. Councillor Malone asked who will oversee the construction and build out. Judge Young said that he will take responsibility for overseeing the construction work. Councillor Malone said that she has some concerns that the \$600,000 that the city contributes will not be used for the construction. She asked who the tenant's broker is. Mr. Lawrence said that the broker is The R. P. Lux Company, Inc., and the group that is referred by the City is Ventura. Councillor Malone asked if there is a written contract for this lease agreement. Mr. Lawrence said that it is a verbal agreement with R.P. Lux. Councillor Malone said that she has concerns about a verbal contract.

Chairwoman Pfisterer asked if the template that was developed by the Office of Corporation Counsel (OCC) is being used for contract processes. Judge Young answered in the affirmative. Mr. Lawrence said that Mark Mertz from OCC is working on the actual lease contract. He said that this proposal is to approve the need for the traffic court to move. Councillor Malone said that she is still not comfortable that there is no written contract.

Councillor Lewis asked if the build-out amount that is discussed in this ordinance is the same amount as it was in the ordinance dealing with the west side locations. Mr. Lawrence said that this amount is less, due to the drop in square feet.

Councillor Malone said that she has problems with a lot of leases that the city has outside of the City-County Building because the process is not a fair process.

Councillor Day moved, seconded by Councillor Lewis, to "Postpone" Proposal No. 84, 2010 until April 6, 2010. The motion carried by a vote of 4-0.

There being no further business, and upon motion duly made, the meeting was adjourned at 6:46 p.m.

Respectfully Submitted,

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Marilyn Pfisterer, Chairwoman

MP/rjp

# Vehicle Improvement Plan

Proposal to Purchase IMPD, IFD  
and DPW Vehicles

March 23, 2010

Prepared by OFM

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Prepared by OFM 3/23/2010

## Goals of the Vehicle Improvement Plan

- \* GOAL: Create a long-term vehicle replacement plan for high vehicle-use agencies.
- \* GOAL: Replace aging, high mileage/high cost vehicles, trucks, and apparatus starting in 2010
- \* GOAL: Create savings within city agencies by reducing maintenance costs on high mileage/high cost vehicles, trucks, and apparatus
- \* GOAL: Create greater buying power by securing bids and quotes for vehicles, trucks, and apparatus over a 3 year period

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Prepared by: CFM 3/23/2010

## Overview of Vehicle Improvement Plan

- City will purchase and lease vehicles, trucks, and apparatus for IMPD, IFD and DPW
- City looked at vehicle leases and purchases over a long-term period, 1 to 10 years
- City developed a plan to purchase vehicles, trucks, and apparatus up front over 3 years and layer a lease program starting in 2010 to continue acquiring new vehicles, trucks and apparatus beyond 2010
- Analysis assumes City will lease in 2010 and will determine need in future years

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Prepared by: CFM 3/23/2010

## Funding of the Vehicle Improvement Plan - Capital Projects

- Capital Asset Development Capital Project Fund (CADCPF): \$27.6M over 3 years
- Seeking appropriation through this proposal
- \$27.6M would be used to purchase the following over 3 years :
  - Approximately 304 IMPD vehicles (\$7.9M)
  - Approximately 150 DPW trucks & vehicles (\$15.0M)
  - Approximately 6 IFD apparatus (\$4.7M)

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## Funding of the Vehicle Improvement Plan - Agency Capital Funds

- Agency Capital Funds already annually appropriated to agency: Approximately \$10.4M over 3 years
- \$10.4M would be used to purchase the following over 3 years :
  - Approximately 205 IMPD vehicles (\$5.3M)
  - Approximately 34 DPW trucks & vehicles (\$3.4M)
  - Approximately 3 IFD apparatus (\$1.7M)

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## Funding of the Vehicle Improvement Plan - Lease Program

- Lease Funds in 2010: Approximately \$7.0M
- \$7.0M would be used to purchase the following in 2010:
  - Approximately 178 IMPD vehicles (\$4.6M)
  - Approximately 13 DPW trucks & vehicles (\$1.3M)
  - Approximately 5 IFD apparatus & vehicles (\$1.1M)
- City will determine the need to lease on an annual basis

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Prepared by: CPM 3/22/2010

## Funding and Estimated Vehicle Summary (3 Years)

	CADCPF	Agency Capital Funds	Lease Funds*	Total
IMPD	\$7,912,000	\$5,321,000	\$4,619,000	\$17,852,000
IFD	\$4,650,000	\$1,650,000	\$1,112,500	\$7,412,500
DPW	\$15,000,000	\$3,350,000	\$1,288,000	\$19,638,000
<b>TOTAL</b>	<b>\$27,562,000</b>	<b>\$10,321,000</b>	<b>\$7,019,500</b>	<b>\$44,902,500</b>
	CADCPF	Agency Capital Funds	Lease Funds*	Total
IMPD	304	205	178	687
IFD	6	3	5	14
DPW	150	34	13	197
<b>TOTAL</b>	<b>460</b>	<b>242</b>	<b>196</b>	<b>898</b>

\* Approximate lease amount. Assumes only 1 year of leasing. Additional funds and vehicles could be added if City leases in future years.

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## Vehicle Replacement Information

- DPW's rolling stock as of 3/22/10 – 508
  - 3-year purchase/lease will provide for 38% replacement
- IMPD's rolling stock as of 3/22/10 – 2,026
  - 3-year purchase/lease will provide for 34% replacement
- IFD's rolling stock as of 3/22/10 – 267
  - 3-year purchase/lease will provide for 5% replacement

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## Potential Savings from Vehicle Improvement Plan - Maintenance

- Agencies estimate savings in parts, labor, and maintenance over 3 years to be:
  - IMPD: \$2,230,000
  - IFD: \$510,000
  - DPW: \$1,600,000
  - **TOTAL: \$4,340,000**
- Additional savings could be generated by leasing vehicles in 2011 and beyond and purchasing hybrids

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## Potential Savings from Vehicle Improvement Plan - Hybrids

- Hybrid purchases could create additional savings for IMPD.
- IMPD is projecting to purchase **190** hybrid vehicles over the 3-year period
- IMPD has generated savings in 2009 by purchasing 60 hybrids, saving approximately **\$103,000** in fuel in 2009 (\$1,716 per vehicle)
- IFD and DPW will continue to explore opportunities to purchase hybrid vehicles as part of this long-term vehicle plan

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## Potential Savings from Vehicle Improvement Plan - Procurement

- Potential savings could be generated by bidding for vehicles over a multi-year period versus a bid for each year
- OFM is working with vendors and agencies to secure competitive pricing by offering long-term funding (CADCPF and agency capital funds) in order to potentially reduce prices on vehicles, trucks, and apparatus

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## Goal Today

- Seeking approval to appropriate \$27.6M from the Capital Asset Development Capital Project Fund
- Closer to the purchase/lease of nearly 898 vehicles, trucks, and apparatus for IFD, IMPD and DPW over the next 3 years
- Create savings by reducing vehicle maintenance cost and leveraging upfront funding to lower the cost of vehicles

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Prepared by: OEM 1/6/2010

# QUESTIONS